



Serving the People of California

CALIFORNIA EMPLOYER

Second Quarter 1998

All employers required to report new employees starting July 1

Beginning July 1, 1998, all employers will be required to report newly hired employees to the New Employee Registry (NER). This program is designed to help law enforcement identify and collect child support payments from delinquent parents.

We encourage you to report NER data on the modified *Report of New Employee(s)* form (DE 34) for faster processing. This will allow for quicker identification of child support obligations, thus reducing the welfare rolls. NER forms may be mailed to: EDD, P.O. Box 997016, MIC 23, West Sacramento, CA 95799-7016.

You should receive detailed information on the expanded NER program and the modified DE 34 in May 1998. For more information, or to order DE 34 forms, please contact your nearest Employment Tax Customer Service Office, call our NER Hotline at (916) 657-0529, or visit our website at www.edd.cahwnet.gov.

For information on reporting by magnetic media, please call (916) 654-6845.

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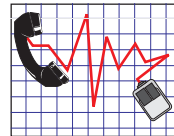
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New Employee Reporting Requirements For All Employers

- **Effective date:**
 - July 1, 1998.
 - **Who must report:**
 - All employers.
 - **Reporting frequency:**
 - Within 20 days of hiring.
(Magnetic media filers make 2 monthly transmissions.)
 - **Reporting exemptions:**
 - None.
 - **Information that must be reported:**
 - Employer's name, address, EDD employer account number, and Federal Employer Identification Number (FEIN).
- Employee's full first name, middle initial, last name, Social Security number, home address, and "start-of-work" date.
- **Who to report:**
 - All new employees (those individuals who have not previously been included on your payroll).
 - Employees who return to work from any furlough, termination, separation, layoff, or unpaid leave of absence. (These individuals should be reported only if they were not reported on your last *Quarterly Wage and Withholding Report*, DE 6.)

Two new filing options to simplify your tax reporting

You now have two new methods for filing your employment taxes: Telefile and Electronic Data Interchange (EDI). In addition, we continue to offer you the Electronic Funds Transfer (EFT) option for paying your taxes.



To learn about the advantages of these three alternate methods to file your returns and pay your employment taxes, and to find out how easy it is to sign up for each one, please turn to page 2.

Include tear-off remittance when paying your taxes

An *Employer Account Statement* (DE 2176) is mailed out to inform you of current and outstanding liabilities, assessments, form delinquencies, acknowledging payments received, and the status of your account balance when taxes are due. When one of these events occurs, our accounting system automatically prepares and mails a DE 2176.

If you make a payment based on a DE 2176 statement, be sure to return the tear-off remittance (top-third portion) of the statement (please do not send a photocopy) along with your payment. Using this remittance will ensure that the payment is properly applied to your account. If you received a DE 2176 for

a liability, please *do not* use a *Payroll Tax Deposit* (DE 88) coupon to pay the taxes due because the payment may be posted incorrectly.

Annual interest rate remains at 9 percent

The annual interest rate for the period July 1 through December 31, 1998, for delinquent taxes and contributions will be 9 percent (.09), compounded daily. The daily interest factor will be .000247. If you have any questions, please contact your nearest Employment Tax Customer Service Office.

Two new filing options join EFT to save you time and paperwork:

Telefile

Our new Telefile System allows you to file reports by telephone in minutes—24 hours a day, 7 days a week. Telefile is especially beneficial to household employers and other small employers. The benefits of telefiling include:

- Calculations are performed and amounts are verified by the Telefile System.
- Your paperwork and postage costs are reduced.
- Information is posted faster and more accurately to your account.
- A toll-free telephone number.

The Telefile System will be phased in over the next 6 months. Information packets will be sent to employers who

are most likely to benefit by using the new Telefile System, such as employers with five or fewer employees, and employers of household workers. The packet includes detailed information about Telefile, registration instructions, and a temporary Personal Identification Number. Just follow the easy instructions to register.

Once registered, you can telefile your:

- *Quarterly Wage and Withholding Report* (DE 6)
- *Quarterly Report of Wages and Withholdings for Employers of Household Workers* (DE 3BHW)
- *Annual Payroll Tax Return for Employers of Household Workers* (DE 3HW)

Our Telefile System also includes an Electronic Fund Transfer (EFT) option to file and pay your *Payroll Tax Deposit* (DE 88) in the same phone call. An *EFT Authorization Agreement* (DE 26), which will be included in your Telefile information packet, must be completed, signed, and returned if you elect to participate in the EFT option.

(NOTE: If you are a household employer and telefile a DE 3HW, payment by EFT is also required because the DE 3HW is a combination annual reconciliation and payment document.)

Watch for the Telefile information packet in the mail! If you have questions about Telefile, please call 1-800-796-3524.



Electronic Data Interchange

Do you currently use Electronic Commerce and/or a Value Added Network in your business operations? If you do, Electronic Data Interchange, or EDI, may be for you! It could help simplify your tax reporting and save paperwork. This new method allows

you to file your *Quarterly Wage and Withholding Report* (DE 6) electronically. EDI is a computer-to-computer exchange of business transactions using a standard message format (ANSI x 12) and a Value Added Network as the method of communication. This provides

a secure environment for basic storage, forwarding, and retrieval activities. To request an informational brochure that describes how to initiate an EDI transaction, or for further information, please contact us at (916) 255-1649.



Electronic Funds Transfer

Are you still writing checks and filling out *Payroll Tax Deposit* coupons (DE 88) to pay your payroll taxes? You can eliminate the paperwork by using EFT.

As an EFT filer, you simply pickup your telephone or sit down at your computer and report your taxes. Why not streamline your tax deposit process today?

For information, please call (916) 654-9130, fax (916) 654-7441, or write to: EDD, EFT Unit, MIC 15, P.O. Box 826880, Sacramento, CA 94280-0001.



Funds are now available for training Welfare-to-Work individuals

The Employment Training Panel (ETP) is a statewide economic development program that supports California's economy by ensuring that employers have the trained workers they need to compete in the global economy.

Each year, ETP provides \$80 to \$100 million for various types of training programs, including retraining, new hire, and special employment training.

Now, for the first time, ETP offers funds for Welfare-to-Work training. This provides post-employment job training for individuals who are receiving or have received welfare benefits within the

previous year. The Panel's Welfare-to-Work program ensures that these new entrants to the workforce receive training in the skills they will need

SSA helps employers fix reporting problems

The Social Security Administration (SSA) has several new initiatives to assure that wages are reported under the correct employee name and Social Security number (SSN).

Each year, over 5 million California wage reports cannot be credited to the proper person's record because the SSN and name do not match SSA's records. The SSA is working in cooperation with

to be successful workers. For more information, visit ETP's website at www.etp.cahwnet.gov, or call (916) 327-5262.

EDD and the IRS to encourage employers to correct wage reporting problems.

Employers can verify five or fewer employees' SSNs by calling SSA at 1-800-772-1213 or 1-800-772-6270. To verify more than five SSNs, please contact your local SSA field office. For more information, visit SSA's website at www.ssa.gov, and go to "Services for Businesses: Employer wage reporting."

Enter your own job listings and find qualified workers on new job matching system

Employers can now access thousands of résumés and enter their own job listings directly from their place of business by using EDD's CalJOBS, a no-fee, Internet-based job matching service. CalJOBS will save you considerable time and expense searching for qualified workers.

The *Los Angeles Times* praised the system recently, stating, "Best of all, the CalJOBS system works in the real world. One employer, Corestaff Services, began posting jobs in January for administrative, clerical, and light industrial positions. So far, it has hired 23 employees through CalJOBS."

Employers who have used CalJOBS find it convenient and economical. The new system allows you to enter job listings or scan résumés any time, day or night, or use a job title search to find job seekers with specific job skills. You can also designate how job seekers contact you by selecting from a number of options,



such as by on-line résumé application, by telephone, fax, or mail. Another option is to complete a profile of your company to provide job seekers details on the benefits of joining your firm.

CalJOBS provides a wide variety of job seeker résumés, from entry level to executive, throughout California. Your EDD employer account number and a password are used to ensure information security. Only you can change your job entries and company profiles. To take advantage of this new service, you can either register on-line by visiting the EDD website at www.caljobs.ca.gov, or by contacting your local EDD Job Service office.

Employers without access to the Internet can have EDD list their job openings on CalJOBS. All the traditional services, such as applicant screening and referral to employers, are still available at your local EDD Job Service office.

Tax credits offered for hiring eligible job seekers

Did you know that you can receive an \$8,500 federal tax credit for every eligible job seeker you hire under the federal Work Opportunity Tax Credit (WOTC) program? To apply for this tax credit, you only need to complete

two one-page forms. For more information on the WOTC program, please contact your nearest EDD Job Service office, or visit EDD's Internet site at www.edd.cahwnet.gov (select the "For Employers" section).

Information Centers are ready to serve you

The Tax Branch has telephone information centers that are dedicated to serving your needs. The table below lists the contact numbers to call for more information on specific topics.

During the hours that staff are not available, these telephone numbers are connected to a voice response unit that is available 24 hours a day.

FOR INFORMATION ON:	CONTACT:	STAFF AVAILABLE:
<ul style="list-style-type: none"> Form Orders Completion of Tax Forms Tax Seminars Worker Status 	(916) 464-3502, or your local Employment Tax Customer Service Office	7:30 a.m. - 5:30 p.m.
<ul style="list-style-type: none"> Account Registration Address Changes Ownership Changes 	Tax Status & Examination Group, (916) 654-7041	8 a.m. - 5 p.m.
<ul style="list-style-type: none"> New Employee Registry 	Tax Status & Examination Group, (916) 657-0529	8 a.m. - 5 p.m.
<ul style="list-style-type: none"> Tax Rates Rate Notices Benefit Charges Reserve Account Transfers 	Contribution Rate Group, (916) 322-0507	8 a.m. - 5 p.m.

Settlements Program addresses tax disputes

Effective January 1, 1998, the Director of EDD has the authority to settle certain civil employment tax disputes subject to protests, appeals, or claims for refund.

The purpose of the Settlements Program is to allow employers the opportunity to enter into a settlement agreement to avoid the cost of prolonged litigation associated with resolving disputed employment tax matters.

Generally, a settlement offer will only be considered in cases that are petitioned with the California Unemployment Insurance Appeals Board, or before a civil court as a result of an assessment or denial of claim for refund.

For further information about our Settlements Program, please write to us at: EDD, Settlements Group, MIC 93, P.O. Box 826880, Sacramento, CA 94280-0001; or fax us at (916) 654-6969.

Flood victims may receive tax extensions

Due to the floods caused by this winter's storms, Governor Pete Wilson declared a state of emergency in 42 California counties. When the Governor declares a state of emergency such as this, the Director of EDD may extend (for up to 60 days) the time for filing and paying employment taxes without incurring penalties and interest.

Employers who were directly affected by the floods could request an extension to April 3, 1998, to file their returns and/or pay their employment taxes that were due on or after February 2, 1998.

If you filed your return and/or paid your taxes late because you were directly affected by the recent floods, and wish to request a waiver of penalty and interest, you may send a written request stating the specific reason for the delay to: EDD, Attn.: Flood Extensions, MIC 3A, P.O. Box 826880, Sacramento, CA 94280-0001. If you have any questions, please contact your local Employment Tax Customer Service Office.

Forum offers topics of special interest to employers

The Administrative Law Judges Association (ALJA) will hold its annual public forum in San Diego at the Kona Kai Hotel on October 8 and 9.



The ALJA is a private professional organization of Administrative Law Judges of the California Unemployment Insurance Appeals Board (CUIAB).

When employers and workers have disputes with EDD over their rights and responsibilities, they may file an appeal with the CUIAB, an independent governmental agency that adjudicates disputes with EDD.

The forum features a variety of topics of interest to employers, including:

- Benefit rights following separation from employment.
- Employers' obligations to the Unemployment Insurance Fund and a risk/benefit analysis of protesting a claimant's benefits.
- How to effectively present a case at an administrative law hearing.

To request registration information, please send a postcard with your organization's name, contact name, mailing address, and phone number to: ALJ Shain B. Haug, c/o San Diego Office of Appeals, 3517 Camino Del Rio South, Suite 310, San Diego, CA 92108-4027, or fax (619) 521-3337.

HIPC rates are good news for small businesses

The Health Insurance Plan of California (HIPC), the nation's first and most successful health insurance purchasing pool for small employers, provides the largest network of providers, 22 health care options, competitive rates, and the lowest allowable employer contribution.

State-sponsored HIPC gives small businesses health care choices that only the biggest corporations previously offered, with simplified enrollment and billing, no medical questions asked, and very affordable rates. Since 1993, HIPC has enrolled more than 7,400 small businesses, becoming the fifth largest health insurer of small businesses in

California. The HIPC currently covers more than 136,000 members.

The plan offers a comprehensive benefit package, and each employee has the option of choosing from an impressive array of health care options. For example, in a group of five employees, all five could choose a different health plan. Regardless of how many plans your employees choose, there is only one simplified application, and you receive only one simple bill. If you employ 2 to 50 full-time employees, you are guaranteed insurance through HIPC. For more information, call 1-888-994-HIPC (1-888-994-4472).

New law applies to services of chiropractors

A new law effective January 1, 1998, amends the California Unemployment Insurance Code (CUIC) to provide that there is a rebuttable presumption that professional services of licensed chiropractors are provided as independent contractors.

Section 656 of the CUIC states that: "Employment" does not include professional services performed by a consultant working as an independent contractor." The section identifies professional services as medical doctors, chiropractors, dentists, lawyers, accountants, engineers, architects, and certain scientists. The section also states that when these professionals provide

services as consultants, they are presumed to be independent contractors unless the facts of the working relationship dictate otherwise.

In addition, licensed physicians, surgeons, osteopaths, podiatrists, optometrists, psychologists, and chiropractors who provide professional services to a licensed, nonprofit, primary care clinic should not be considered employees of the clinic when they provide professional services under a written contract which states that they are independent contractors. For further information, please contact your local Employment Tax Customer Service Office.

More offices convert to filing UI claims by phone

The Department continues to move from filing unemployment insurance (UI) claims in person to Telephone Claim Filing (TCF). As of March 1, customers served by 120 of EDD's 144 field offices can file their UI claims by telephone.

UI customers in those areas are automatically connected to a TCF Call Center when they call the EDD field office listed in their telephone directory.

Deaf, hearing-impaired, or speech-impaired customers who use a Teletypewriter (TTY) now have the option of calling the Call Center directly. The TTY number is 1-800-815-9387.

Since Mondays are generally the busiest days of the week, we suggest that customers call between Tuesday and Thursday for fastest service.

Unemployed customers calling to file a new UI claim or reopen a UI claim must call by Friday in order to receive credit for the week.

Employers who have a substantial reduction in workforce involving 50 or more employees, or a plant closure, should call the Call Center for UI claim filing information.

California Employer

This newsletter is published quarterly by California's Employment Development Department of the State Health and Welfare Agency, and is distributed with tax forms to all employers who are subject to the provisions of the California Unemployment Insurance Code.

The EDD is a recipient of federal and state funds, is an equal opportunity employer/program, and is in compliance with Section 504 of the Rehabilitation Act and the Americans with Disabilities Act. For copies of this publication in alternate formats, please call (916) 654-7079. TTY users may reach this number through the California Relay Service at 1-800-735-2929.

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